MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2016/2017

PBF0014 – INTRODUCTION TO PERSONAL FINANCE

(Foundation in Business)

29 MAY 2017
9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **TWO** pages with **FIVE** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

ESSAYS [100 MARKS]

Instructions: Answer **ALL** questions. Write your answers in the Answer Booklet.

QUESTION 1

a) What is consumer loan? Describe the **FOUR** possible decisions that must be made in selecting a consumer loan.

(13 marks)

b) What is home equity loan? Provide **TWO** advantages and **TWO** disadvantages of home equity loan.

(5 marks)

c) What are the **TWO** main features of an automobile loan?

(2 marks)

(Total 20 marks)

QUESTION 2

a) Briefly explain the **FOUR** steps involved in smart buying process when attempting to purchase a house.

(10 marks)

b) Provide **FOUR** basic guidelines on when an individual should rent a house instead of buy a house.

(4 marks)

c) State the **TWO** differences between renting and buying a house.

(4 marks)

d) List the **TWO** types of government's assistance which are provided to the Malaysian.

(2 marks)

(Total 20 marks)

QUESTION 3

a) The main type of homeowner's insurance is fire insurance. One of the coverages in the homeowner's insurance policy is personal liability coverage.

i) Explain **THREE** types of protection in Personal Liability Coverage.

(6 marks)

ii) State **FOUR** examples of Supplemental Coverage available as an addition to homeowner's policies.

(4 marks)

b) Explain the **TWO** advantages and **THREE** disadvantages of an Annuity or Lifetime Payments Versus a Lump-Sum Payment for retirement payouts.

(10 marks)

(Total 20 marks)

Continued...

QUESTION 4

Outline the typical investment goals associated with each of the following life-cycle stages. Provide a recommended asset allocation for each stage.

a) The early years

(5 marks)

b) The golden years

(5 marks)

c) The early retirement years

(5 marks)

d) The late retirement years

(5 marks)

(Total 20 marks)

QUESTION 5

a) Provide any **FIVE** common financial life events that an individual will experience in their lifetime.

(5 marks)

b) Choose any **TWO** of the financial life events listed in part (a) and describe the steps involved in planning the chosen financial life events.

(10 marks)

c) Explain the **THREE** main services which are provided free of charge by the Agensi Kaunseling dan Pengurusan Kredit (AKPK).

(5 marks)

(Total 20 marks)

End of Paper